

# HOUSE BILL No. 1498

---

## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3.1-20.

**Synopsis:** Tax credits for hiring minority youth. Entitles a taxpayer who employs a minority youth to a tax credit equal to 25% of the wages paid to the minority youth or \$500, whichever is less. Provides that the maximum amount of total credits allowed to all taxpayers in a state fiscal year is \$1,000,000.

**Effective:** January 1, 2000.

---

---

**Smith V**

---

---

January 19, 1999, read first time and referred to Committee on Ways and Means.

---

---

C  
o  
p  
y



First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

## HOUSE BILL No. 1498

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 6-3.1-20 IS ADDED TO THE INDIANA CODE  
2       AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
3       JANUARY 1, 2000]:

4       **Chapter 20. Employment of Minority Youths Credit**

5       **Sec. 1.** As used in this chapter, "household federal adjusted  
6       gross income" means the total adjusted gross income (as defined in  
7       Section 62 of the Internal Revenue Code) of a minority youth and  
8       any of the following persons who reside with the minority youth  
9       during the taxable year:

10       (1) Each of the parents of the minority youth.

11       (2) The spouse of the minority youth.

12       **Sec. 2.** As used in this chapter, "minority youth" means an  
13       individual who:

14       (1) is identified as black, Hispanic, Asian, Asian-American, or  
15       Native American;

16       (2) has a household federal adjusted gross income of less than  
17       twenty thousand dollars (\$20,000) for the most recently



completed calendar year;

(3) was a resident of Indiana for at least six (6) months before the date the individual was employed by the taxpayer; and

(4) was at least sixteen (16) years of age and less than twenty (20) years of age during the period of employment for which the taxpayer has filed a claim for a credit under this chapter.

**Sec. 3.** As used in this chapter, "state tax liability" means the taxpayer's total tax liability that is incurred under:

(1) IC 6-2.1 (the gross income tax);

(2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

(3) IC 6-3-8 (the supplemental net income tax);

(4) IC 6-5-10 (the bank tax);

(5) IC 6-5-11 (the savings and loan association tax);

(6) IC 6-5.5 (the financial institutions tax); and

(7) IC 27-1-18-2 (the insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

**Sec. 4.** As used in this chapter, "taxpayer" means a person, corporation, partnership, or other entity that has state tax liability.

**Sec. 5.** A taxpayer that employs a minority youth is entitled to a credit against the taxpayer's state tax liability for the taxable year during which the minority youth is employed.

**Sec. 6.** Subject to sections 7 through 10 of this chapter, the amount of the credit that a taxpayer may claim for a particular minority youth for a taxable year equals the lesser of the following:

(1) Twenty-five percent (25%) of the wages paid by the taxpayer to the minority youth during the taxable year, beginning on the minority youth's first day of employment and ending on:

(A) the minority youth's last day of employment with the taxpayer; or

(B) the last day of a taxpayer's taxable year;

whichever occurs first.

(2) Five hundred dollars (\$500).

**Sec. 7.** For all taxable years, the aggregate amount of credits that may be claimed under this chapter for a particular minority youth by a taxpayer may not exceed five hundred dollars (\$500).

**Sec. 8.** (a) If the amount determined under section 6 of this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to the following taxable years. The amount of the credit



1 carryover from a taxable year may not be reduced to the extent  
 2 that the carryover is used by the taxpayer to obtain a credit under  
 3 this chapter for any subsequent taxable years.

4 (b) A taxpayer is not entitled to a carryback or refund of an  
 5 unused credit under this chapter.

6 Sec. 9. To obtain a tax credit under this chapter, a taxpayer  
 7 shall file with the department, in the form that the department may  
 8 prescribe, an application stating the following:

9 (1) The name, address, and Social Security number of the  
 10 minority youth employed by the taxpayer.

11 (2) The wages paid to the minority youth by the taxpayer for  
 12 the taxable year.

13 (3) The amount sought to be claimed as a tax credit under this  
 14 chapter.

15 (4) Other information the department determines necessary.

16 Sec. 10. (a) The amount of tax credits allowed under this chapter  
 17 may not exceed one million dollars (\$1,000,000) in a state fiscal  
 18 year.

19 (b) The department shall record the time of filing of each  
 20 application for allowance of a credit required under section 9 of  
 21 this chapter and shall approve the applications, if the applicant  
 22 otherwise qualifies for a tax credit under this chapter, in the  
 23 chronological order in which the applications are filed in the state  
 24 fiscal year.

25 (c) After the total credits approved under this section equal the  
 26 maximum amount allowable in a state fiscal year, an application  
 27 filed for that fiscal year may not be approved.

28 Sec. 11. (a) A credit to which a taxpayer is entitled under this  
 29 chapter shall be applied against taxes owed by the taxpayer in the  
 30 following order:

31 (1) Against the taxpayer's gross income tax liability (IC 6-2.1)  
 32 for the taxable year.

33 (2) Against the taxpayer's adjusted gross income tax liability  
 34 (IC 6-3-1 through IC 6-3-7) for the taxable year.

35 (3) Against the taxpayer's supplemental net income tax  
 36 liability (IC 6-3-8) for the taxable year.

37 (4) Against the taxpayer's bank tax liability (IC 6-5-10) or  
 38 savings and loan association tax liability (IC 6-5-11) for the  
 39 taxable year.

40 (5) Against the taxpayer's insurance premiums tax liability  
 41 (IC 27-1-18-2) for the taxable year.

42 (6) Against the taxpayer's financial institutions tax (IC 6-5.5)



1           for the taxable year.

2           (b) Whenever the tax paid by the taxpayer under any of the tax  
3 provisions listed in subsection (a) is a credit against the liability or  
4 a deduction in determining the tax base under another Indiana tax  
5 provision, the credit or deduction shall be computed without  
6 regard to the credit to which a taxpayer is entitled under this  
7 chapter.

8           SECTION 2. [EFFECTIVE JANUARY 1, 2000] IC 6-3.1-20, as  
9 added by this act, applies to taxable years that begin after  
10 December 31, 1999.

C  
o  
p  
y

